HUMAN EVENTS

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Eric Johnston, et al.: Capitol Hill is one place where they can spot a gray-flannel-suited figure a mile away — and react suspiciously.

Along the First Street arc, from the Carroll Arms Restaurant on the north of the Capitol to the Capitol Hill Club on the south, congressional gossipers quickly saw through the great planned push for foreign aid, evaluated it as a Madison Avenue publicity operation and readied their antimissile equipment. Congress, from its Capitol Hill vantage point, knows a publicity assault when it sees one.

Of course, Eric Johnston, the leader of the drive for foreign aid and cast in the role of a selfless world-saver, is as identifiable as a three-dollar bill. As a lobbyist, Johnston's old stuff around this town.

In the past ten days, moreover, members have had leisure to scrutinize the names of Johnston's colleagues on his committee. Up here, they don't think it's purely accidental that the list included Ernest Breech, executive v.p. of the Ford Motor Company (which has more than a slight investment abroad); Lamar Fleming, president of Anderson, Clayton and Company — dealing in cotton, a commodity that somehow (could it be subsidies?) gets around the world; George Killion of the American President Lines; Frank Pace, Jr., of General Dynamics (see HUMAN EVENTS for January 13, 1958); William Robinson of Coca Cola; Joseph Spang, of the Gillette Safety Razor Company — all with global interests; and, finally, Nelson Rockefeller, who scarcely conceals the fact that he is president of the American International Association for Economic and Social Development.

The National Citizens Committee for Foreign Aid, reports say, seeks a $500,000 slush fund. They will indubitably get it, remark those who have seen the above-listed names on its letterhead.

The following story, suggesting the means at the disposal of the giveaway lobbyists, is given wide credence on Capitol Hill: When approximately 5,000 telegrams soliciting funds for the foreign aid group went forth on February 25, the tab for the tolls, reportedly exceeding $10,000, was quickly covered by contributions gotten together by a New York professional fund raiser on Madison Avenue.

Now, members of Congress may or may not be too sophisticated — but one thing they know and that is how their constituents are feeling. One incident, relayed to HUMAN EVENTS by one of our most reliable "spies," illustrates the situation. At a private meeting last week, which included several global-minded legislators (mostly Democrats), much lyrical talk went on about the earthly paradise which would result from voting $3.9 billion in foreign aid. However, one midwestern solon stood up and chilled the rest of the proceedings by stating that his mail from home registered five-to-one against such an appropriation.

Indeed, that figure of $3.9 billion already receives a very cold-eyed congressional examination. It's an old custom for the bureaucrats to submit "high" figures, then to appear before committees on Capitol Hill and swear on oath that any diminution whatsoever of their requests would result in the Apocalypse.

After Congress has cut perhaps ten per cent off the target figure, such talk subsides and murmurs from the bureaucratic warren indicate satisfaction with the result. Everyone on the Hill knows by experience that right along the bureaucrats have secretly set a lower figure on which they would settle with happiness. Hence today old hands around the Hill say that the "settling" figure this year is actually $3.4 billion. So the economizers have sharpened their knives to cut it to $2.5 billion.

Finally, Senators are looking definitely sideways at the kind of bait currently offered, which at a distance has an agreeable appearance for any legislator in these days of five million unemployed. The bait is: placing orders to American firms for foreign "giveaway" items to be manufactured right here in the USA. Rumor has it that Eric Johnston and his strategists place high hopes on this offer, feeling confident that Congress will swallow it and vote big funds.

However, some Senators say: "Why, once the appropriations bills are passed, the global bureaucrats will simply ignore the original promises and give the orders to firms in foreign countries. You can't trust bureaucrats, once they've got the money."

Complacency: Another setback to America's scientific and military prestige is feared by many in Washington — confirming reports in HUMAN EVENTS during recent months. This publication has warned since November that no real crash program for production of vital weapons was under way — that it was a case of "bureaucracy as usual." Now some members of Congress similarly perceive danger.

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These members note a "prospect that the Russians will once again administer a humiliating defeat to the United States by placing the first nuclear-powered aircraft in the skies. Coming on the heels of the Sputnik fiasco, a Russian victory in this field could well prove disastrous to world confidence in America's scientific abilities." These are the words of Representative Carl T. Durham (D.-N.C.), Chairman of the Joint Committee on Atomic Energy, and Representative Melvin Price (D.-Ill.), Chairman of the Subcommittee on Research and Development.

The Congressmen say that the Killian Committee, which was set up on the morrow of Sputnik I to "expedite" missile progress, has actually slowed down rather than speeded the production of the nuclear-propelled airplane. "We are actually worse off today in terms of our objectives [the nuclear-propelled airplane] than we were a year ago."

Nor is this "doom and gloom" view confined to the two Democratic Congressmen. Mark S. Watson, veteran military correspondent for the Baltimore *Sun*, reports (March 9) substantially the same situation, and points out that Donald A. Quarles, Deputy Secretary of Defense, is saying that the US is not engaging in a race with Soviet Russia to produce this craft.

Tax Cut: The Administration deserves much credit, say economists, for keying recovery measures to a tax reduction — a move which found Vice President Nixon far out in front. HUMAN EVENTS reported last week on a recent important conference between the Vice President and General Douglas A. MacArthur. The latter's recommendations on fiscal matters, expressed at that meeting, may well have exerted an influence on the Vice President, believed to be receptive towards such ideas. (In this week's Article Section, General MacArthur's ideas on taxation and economic health are set forward in detail.)

Meanwhile, Congressional tax-cutting fervor increases. As unemployment grows, and the November elections near, Representative Richard Simpson, GOP wheel horse on the House Ways and Means Committee, appears as the author of a tax-relief plan acclaimed as the soundest yet proposed. Conservatives believe that the Pennsylvanian's bill goes to the very root of the problem in offering these key proposals: a ten per cent across-the-board slash in personal income taxes; a decrease from 52 to 50 per cent in corporate income taxes; repeal or reduction of a number of Federal excise taxes; and the reduction by half of the present 25 per cent capital gains tax.

Another Simpson proposal would be to cut from 91 to 70 per cent the maximum tax on individual incomes. Such a cut, he says, would cost the Government only $84 million a year, would stimulate investment to such a degree that Federal revenues would "be increased rather than decreased" and would provide "jobs — more jobs, better jobs."

Republican Victory: GOP hopes have received encouraging news from Maine, a state recently regarded as gradually slipping into the Democratic column. A Republican-sponsored referendum, March 10, defeated "liberal" Democratic Governor Edmund S. Muskie by a margin of approximately five to one. The test was to determine whether or not Muskie's sharp increase in auto fees should be accepted. The answer from the voters was a definite "no." Even the industrial city of Lewiston, normally a Democratic stronghold, went against the Governor.

This sweeping victory is part of a picture of the decline in popularity of a once widely acclaimed state executive, in large part because of his "high tax" policies. (Muskie also recently put through a 50 per cent increase in the sales tax.) It is noted that Muskie, doubtless perceiving the trend against him, declines to run for re-election. Whether or not he will seek a Senate seat remains uncertain.

Last week's defeat of the Democratic Governor may prove a *vade mecum* for Republicans in other states which have Democratic administrations and which have suffered from rising taxes.

Labor Front: "Maybe it's the effect of having the TV cameras there; or maybe it's just John's natural conservatism coming through." So ran some Senatorial comment on the sudden reversal of form executed last week — amid vigorous acclaim from foes of union bossism — by Labor Rackets Committee Chairman John McClellan (D.-Ark.). Whatever the cause, say observers at the UAW hearings, the Arkansas Senator last week began to hand down to Walter Reuther's hirelings the same sort of stern treatment that was accorded Beck, Hoffa and other representatives of the much-investigated Teamsters Union. Additionally, say the labor analysts, McClellan placed a clarifying lens over the one crucial issue underlying all the discussions of violence, mass picketing and imported goons: the right to work.

In a sharp exchange with UAW boss Emil Mazey, McClellan gave cogent expression to this key principle of economic liberty. "In a land of freedom," the Chairman declared, "when a man wants to work he has a right to go in that plant and work."

McClellan also blasted Mazey for the UAW's policy of footing legal and other bills for goons under indictment for violence. "You are not very convincing," McClellan told Mazey, "when you say you are against violence and at the same time take the dues-payers' money and reward a man for violence."

● The pattern of violence being disclosed by the hearings, it is observed, is convincing evidence of the "class war" outlook that impels the UAW and other CIO unions of similar stripe. "In spite of the free enterprise rhetoric they now use," commented one analyst, "where they talk of labor and management as 'partners,' these people look upon management as 'the enemy,' which must either surrender or be destroyed." The record of affiliations with extreme left-wing groups (some of revolutionary intent), possessed by a number of important UAW functionaries, supports this interpretation of the developing pattern of goon violence.

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● Conservatives express a wish that the Committee had been more thorough in questioning the UAW representatives as to who was responsible for their actions. In almost every sequence of questioning in this matter, it is noted, there is a "cut-off" point, at which responsibility for UAW activities — often violent in character — fades off into uncertainty. Witnesses such as William Vinson and John Gunaca — both charged with assaulting nonstrikers in Wisconsin — allegedly had no orders whatever from the international UAW, which sent them from Detroit to take part in the Kohler strike.

The party obviously being protected by these evasions, say the analysts, is UAW President Walter Reuther — whose henchmen are striving to keep his name as much as possible out of the proceedings.

● Finally, the Capital debates possible legislative proposals which may issue from the hearings. The story of such witnesses as Vinson and Gunaca, who crossed from Michigan into Wisconsin to participate in the strike, recalls the so-called "finks" — strikebreakers imported to the scene of a labor dispute from another state — whose profession was made illegal by Federal law in the 1930's. If such legislation exists to bar the importation of outsiders by management, it is asked, why should not the same prohibitions be extended to labor unions?

High Court: The struggle over Senator Jenner's bill (S. 2646) to limit the appellate jurisdiction of the Supreme Court has stirred strong emotions in the Capital and provoked much drastic thinking concerning the functions of the Nation's high tribunal (see HUMAN EVENTS for February 17, 1958). Particularly noted in the final phase of the hearings on Jenner's legislation was testimony given by Senator Strom Thurmond (D.-S.C.), who presented a concise but inclusive analysis of the issues to be resolved by the bill. "Although the Court was conceived by the framers of the Constitution to be a weaker branch than the Legislative and Executive branches," Thurmond said, "the Court has consistently moved to expand its powers, until it threatens to be the dominating power in the Government." Adding that "the Court has moved, perhaps unconsciously, to set itself up as the guardian of subversive elements," Thurmond declared that "if the Supreme Court can assume power without rebuff, the complete tyranny of the judiciary is close at hand. Then the Federal Government will cease to be Federal and become national in nature, imposing its will upon the states and local governments of this great country."

● The week following his attack on the Court, Thurmond (who set a new filibuster record speaking against the "civil rights" bill last year) disclosed to the Senate that he had forcefully declined an invitation to a dinner given for Members of Congress by the Anti-Defamation League of B'Nai B'Rith. "The plan to recognize the 85th Congress 'for distinguished contributions to the enrichment of our heritage of freedom' because of the enactment of the so-called civil rights law," read Thurmond's letter of declination, "is an insult to those Members of Congress who stood firm against this nefarious legislation. It is inconceivable to me that a law that abridges the fundamental right to trial by jury can be regarded as enriching our heritage of freedom. Just the opposite is true. I shall not attend a dinner to celebrate the prostitution of the Constitution."

● Also noted in the continuing debate over "civil rights" and the vagaries of the High Court were the recent pronouncements of Judge Learned Hand — acknowledged "dean of American jurists" — as he delivered the "Oliver Wendell Holmes Lectures" at Harvard Law School (now published in book form by the Harvard University Press, under the title of *The Bill of Rights;* price, $2.50).

Hand states that the Court's transformation into a "third legislative chamber" was "a patent usurpation" of Governmental power. He cites the 1954 desegregation ruling as an example of such usurpation. In this decision, he states, the Court overruled legislative judgments by making "its own reappraisal of the relative values at stake."

Hand also takes issue with the Court's notorious *Yates* decision (see HUMAN EVENTS for June 22 and November 16, 1957), in which the Smith Act prohibition against Communist agitation was crippled on the grounds that Red advocacy of violent revolution was merely a matter of intellectual speculation. ". . . there are occasions," Hand states, "when the speaker may lose his [free speech] privilege although he confines himself to 'principles divorced from action.' "

Education Front: While the Administration plugs away on behalf of its $1 billion program for Federal scholarship aid, researchers bring out the true, and unpublicized, story about scholarship needs in the US. Staff members of HUMAN EVENTS who set out to investigate the adequacy of present scholarship programs have found it to be a subject wrapped in mystery. Repeated inquiries, however, have gradually developed the true picture, as follows: far from there being too few scholarships available for deserving students, the fact is that present scholarship programs are undersubscribed.

The Wall Street Journal reported recently that "some companies dispensing scholarship aid are carefully re-examining their programs to avoid creating a possible 'surplus' of grants." Additionally, schemes of Federal aid have the effect of discouraging, rather than supplementing, private efforts. Walter Remmers, vice president of Union Carbide Corp., stated in this connection that "we're going to mark time until we see what Federal programs may emerge in this field."

Dr. Maynard M. Boring, chairman of the educational advisory board of the National Academy of Sciences, expressed doubt of the reported finding that three-fourths of the secondary school graduates who fail to go on to college do so for financial reasons. "We just don't know at this time how much money is needed for scholarships, and we should try to find out soon — before the Federal Government goes into the field with a big splash."

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The US Office of Education's Bulletin No. 18, for 1957, places the total number of available scholarships (1955-56 school year) at 237,370 for undergraduates, with a total dollar value of $65,736,950; the corresponding figures for graduate-student scholarships, as published in Bulletin No. 17, were 24,885 and $18,239,150.

These, moreover, are "fellowships," gifts to the students. The total of all kinds of scholarship aid available in the school year 1955-56 — including gifts, loans and employment arrangements for graduates and undergraduates — yields these staggering figures: 687,754 separate scholarship offerings, with a total dollar value of $202,365,728.

Of these available scholarships, many millions of dollars' worth remain unsubscribed every year. The *Journal* quotes S. Norman Feingold, an expert on scholarship programs: "There are probably more than 10,000 separate grants that go unawarded each year. It's partly a question of . . . crazy limitations [in the terms of the bequest] but even more a lack of publicity for existing funds."

Byrd: One of the most heartening stories to hit the Capital in many weeks, say conservatives, was that behind Senator Harry F. Byrd's decision not to retire from the Senate. In his statement reversing his retirement decision, mention was made of a recovery in Mrs. Byrd's health, and to the request of the Virginia Assembly that he run again for office. But only passing reference was made to the startling phenomenon which has had the Senator's Capitol Hill office in a spin for weeks and which is given considerable weight in estimates as to Byrd's change of mind: the deluge of mail that followed his first announcement, imploring him to stay on.

The Senator's office informs HUMAN EVENTS that an exact estimate of the total volume of these letters is not yet possible, but that approximately 3,000 have been answered to date — a number estimated at around half of those received; a mass of other mail is still pouring in, so that a final accounting of it will not be available for some time. In order to handle this huge storm of protest against Byrd's proposed retirement, the Senator's office had to hire two extra secretaries to alphabetize and answer the thousands of well-wishers.

Particularly noted is the fact that, while a large percentage of the mail was from Byrd's Virginia constituents, citizens of every state in the Union deluged him with requests to run again. The response to Byrd's announcement, say Capital analysts, is a great tribute to his standing with voters everywhere in the country; moreover, it is eloquent testimony to the conservative strength, demanding economy and integrity in Government, massing at the grass-roots level throughout the Nation.

Also noted is this aspect of the letter-writing story — one characteristic of the Virginia statesman: the Senator's answers to his well-wishers are not franked over his signature, but are individually stamped. The stamps are paid for by the Senator himself, and not by the taxpayer.

Book Event: *Masters of Deceit*, by J. Edgar Hoover; 374 pp.; Henry Holt & Co.; $5.

Branding the American Communist party "a dedicated, conspiratorial group operating under modern conditions as an arm of revolution," the Director of the Federal Bureau of Investigation has written a powerful analysis of the Communist menace within our society. *Masters of Deceit* is a book that will earn for the author the continued admiration of anti-Communists — and the continued animosity of Communists — that has been rightfully his for many years.

Hoover treats the entire field of communism — its history, strategy, membership, future — with the expert knowledge of a man who has been fighting the enemy ever since it began its campaign of subversion. He dissects fallacious "liberal" arguments that the Communist party no longer is to be feared because of declining membership, and emphasizes that a tightly knit, well-disciplined organization is to be feared far more than a large, unwieldy group. Hoover reminds the reader that it was an infinitesimally small group of Bolsheviks that plotted the Communist *coup d'etat* in Russia, and a small band of spies that handed over to the Soviets the secret of the atomic bomb.

In a period of perilous complacency regarding internal subversion, Hoover has performed an important public service. His book is a classic in its straightforward and careful analysis of the Communist danger.

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Article Section *Printed in Two Sections*

Amid growing concern over the status of the US economy—with consumers beset simultaneously by the problems of inflation and recession—America more and more seeks the counsel of its wisest citizens. Conceded to be foremost among these is General of the Army Douglas A. MacArthur—whose advice on economic matters was recently sought by Vice President Richard Nixon (see HUMAN EVENTS for March 10, 1958). In this article, adapted from his widely acclaimed speech to the stockholders of the Sperry Rand Corporation last year, the General gives systematic expression to his views on the economic dangers that confront the United States.

THE PATH TO FREEDOM

We Must Cut Taxes and Halt Inflation

By GENERAL DOUGLAS A. MACARTHUR
Chairman of the Board, Sperry Rand Corporation

IF BUSINESSMEN were to be allowed a wish, I am sure it would be unanimously for lower taxes. The tax burden now is so oppressive as to be almost confiscatory of venture capital. Secretary of the Treasury Humphrey testified before a congressional committee: ". . . the present heavy tax burden will seriously hamper necessary economic growth"; and he added that "spending under existing Government programs will rise as fast as the increase in revenues resulting from economic growth unless Congress and the Administration alter and reduce these programs."

Taxes for 1956 came to a staggering total of more than $100 billion. This means that the cost of government consumes almost one-third of the national product. Government's appetite for taxes has grown steadily and inordinately. In 1885 the per capita tax take was $1.98. In 1917 it was $7.92. The fiscal year 1956 was the costliest of all: $446.36 per head for every one of us.

Such jet-propelled figures are difficult to comprehend. Much is hidden from direct view in the form of unseen nibbles at the paycheck after payment of the direct income tax. You never know you are paying because they appear as part of the purchase price of the items you buy. For example, you pay, in this indirect way:

Twenty per cent of the cost of your food; eight hundred dollars on a $3000 automobile; half the cost of a pack of cigarettes; nearly nine-tenths of the price of a bottle of whiskey.

Taxes have grown so rapidly in recent years that now they are the largest single item in the cost of living. Americans will pay for government this year more than they will spend on food, clothing, medical care and religious activities combined. There are 151 taxes on a loaf of bread, at least as many and maybe more on a pound of beefsteak, a box of soap, a can of beans.

If Government continues to wrest from the people the basis for future industries and businesses, our rapidly increasing population may eventually outgrow the number of jobs available and industrial labor will then face its greatest threat.

There seems to be no restraint in this lust for taxes. It began with the Federal Income Tax Law of 1914 which gave unlimited access to the people's wealth, and the power for the first time to levy taxes not for revenue only but for social purposes. Since then the sphere of Government has increased with a kind of explosive force. Thomas Jefferson's wise aphorism, "That government is best which governs least," has been tossed into the wastebasket with ridicule and sarcasm.

WHETHER WE want it or not, we pay now for almost unlimited Government; a Government which limits our lives by dictating how we are fed and clothed and housed; how to provide for old age; how the national income, which is the product of our labor, shall be

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divided among us; how we shall buy and sell; how long and how hard and under what circumstances we shall work. There is only scorn for the one who dares to say, "The Government should not be infinite."

Our indebtedness is now estimated to be nearly $700 billion, a sum greater than the combined debt of all the other nations of the world. And it has been charged without challenge that our Government this year proposes to spend as much as all other governments put together.

How many of our leaders still hear the echo of Thomas Jefferson's voice when he warned, with reference to the future of this country: "I place economy among the most important virtues and public debt as the greatest of dangers to be feared. To preserve our independence, we must not let our leaders load us with perpetual debt. We must make our choice between economy with liberty, or profusion with servitude. The same prudence which in private life would forbid our paying our money, forbids it in the disposition of public money. We must endeavor to reduce the Government to the practice of rigid economy to avoid burdening the people and arming the Magistrate with a patronage of money which might be used to corrupt the principle of government. . . . The multiplication of public offices, increase of expense beyond income, growth of the public debt, are indications soliciting the employment of the pruning knife. . . . It is incumbent on every generation to pay its own debt as it goes."

How incomparably different in philosophy from Karl Marx, who said [in anticipation of Communist seizure of power]: "The surest way to overturn the social order is to debauch the currency." He referred, of course, to the process of inflation, induced by extreme taxation; the process of "planned economy"; the process of controlling economic conditions and thereby controlling the lives of individuals.

Chief Justice John Marshall warned as early as 1819 that "the power to tax involves the power to destroy." And he might have added that the road to destruction is the road of socialism. Its evidences which we see and talk about so much — the collectors and dispensers of socialistically used funds, the planning committees and enforcement bodies, the services they presume to render and the pyramids they build, the votes they coerce to maintain control — all these expressions of socialism are but the offspring of excessive taxation. If we want economic liberty — want to be free to work most productively and to have what we produce — *our concern must focus on the tax roots to shut off the revenue which nourishes the disease.* To work at the other end and merely bemoan the detailed projects of socialism or damn the persons who happen to be manning those projects at the moment, or even to change political personnel, would be about as effective in stopping socialism as changing undertakers would be to stop death.

EXCESSIVE TAXATION produces results somewhat resembling the evils of slavery and serfdom in days of old. To illustrate: the Government takes in taxes over a third of the income of the average citizen each year. This means that he or she is required to work entirely for the Government from January 1 until May 10. This begins to resemble the Soviet forced labor system. It practically reduces the citizen for protracted periods to what amounts almost to involuntary servitude. It is indeed the modern, although humanized, counterpart in the twentieth century of the abandoned slavery and serfdom of the preceding centuries. We will be fortunate if it does not finally reduce individuals to the universal status of robots.

The present tax structure is even now probably adequate eventually to socialize the United States. Our tax take is already greater than that of the admitted national socialistic countries, whether on this or the other side of the Iron Curtain. The effects may not yet be fully evident to the superficial eye, but the erosion of incentive, ingenuity and integrity that results will be as deadly as the hidden cancer is to life. It can in time change the basic character of this great Nation, as it has every other nation where it has become indelibly affixed.

In the last two decades our tax system has resulted in a creeping inflation which has devitalized the American dollar to 40 per cent of its previous purchasing power. If the present trend continues, the dollar may well sink to half its present value within another decade. Those who suffer most from such fiscal debasement are the men of small means — those living on fixed incomes, wages, annuities or pensions — especially the working man. But inflation does even more than debauch a nation's currency; it also debauches a nation's morale. It creates a false illusion of prosperity; it discourages thrift and honest effort; it encourages the kind of speculation that expects something for nothing. History shows how difficult it is for a nation to recover once it is in the sway of an irredeemably depreciating currncy. The tendency is for prices to go higher and higher, the value of money to go lower and lower.

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The inflationary forces which undermine the Western World of today are the same forces which were at work 1700 years ago during the decline of the Roman Empire. Just as in Rome, our civilization is living beyond its means. It is living more and more for the moment, trying to anticipate today the pleasures of tomorrow. Why save, asks the citizen, if savings are likely to be expropriated through taxes and inflation? Why wait for the day when we can afford a house, or a car, or a TV set, if we can buy those things today on credit? It is no longer enough that our economy grows annually faster than the increase in population; the call is for twice this growth. Wages must rise faster than productivity, the standard of living faster than income.

If financial output has to be increased in one segment it must be correspondingly decreased in another. If defense spending has to go up, other spending, whether for housing, roads, schools, farm aid or social benefits, must be curtailed accordingly. This is only common sense. But, even though tax receipts have doubled during the postwar era, total public spending continues to exceed revenues. Promises continue to be made to expand all sectors of the economy at the same time. Some are 42 per cent larger than they were in 1953-54. Literally dozens of welfare projects little understood by the general public are hidden in the more than 1000 pages of the Budget, which has grown so big that nobody has any clear idea how much waste it actually contains.

The sum [of maximum estimates from the Government's agencies, bureaus, and departments], with some modification, becomes the Federal Budget, unless someone at the top lowers the estimates to correspond with the actual resources expected to be available. The problem of a balanced Budget, instead of being a mystic and untouchable phenomenon, is actually the commonest and most universal one in the world. It faces the head of every household every year of life. It is, simply: how much can be spent safely on living expenses? The question is not what can be luxuriously used, not even what may be actually necessary, but what can be obtained with the money available without injudicious borrowing.

It is exactly the same basic problem in government, with the vital difference that the money involved is not [the spender's] own but that of others collected by taxation. But what a monumental difference this makes! Instead of being frugal, one becomes lavish. Instead of being careful, one becomes reckless. Instead of being conservative, one becomes radical.

At best the [spending Budget] is but a guess, a speculative estimate with little or no controlling influences. How wrong it can be is testified to by the surpluses that have accumulated over the years. These surpluses, the overestimates in the national Budgets of actual needs, glut our warehouses from Coast to Coast. They are not limited to agricultural products but exist in practically every field and every commodity. A member of the Hoover Commission which studied the matter estimated to me that in the last decade perhaps $100 billion worth of surplus had accumulated. A large portion of this, he said, could probably never be gainfully used.

Our swollen Budgets constantly have been misrepresented to the public. Our Government has kept us in a perpetual state of fear — kept us in a continuous stampede of patriotic fervor — with the cry of grave national emergency. Always there has been some terrible evil at home or some monstrous foreign power that was going to gobble us up if we did not blindly rally behind it by furnishing the exorbitant funds demanded. Yet, in retrospect, these disasters seem never to have happened, seem never to have been quite real.

THE PAINFUL TRUTH is this: the Government produces nothing of itself. Whatever it spends for people it must previously take from the people in the form of taxes. Moreover, whenever the Government gives a service to people, it must at the same time take away from the people the right to provide and decide for themselves. And the amount which Government doles back to the people or spends to promote welfare is always only a fraction of what it takes away, because of the excessive cost of Governmental administration. It is the little people that pay the largest part of the bill.

Eighty-five per cent of all the billions of dollars paid in income taxes comes from the lowest rate — the 20 per cent paid by all persons with taxable income. Only 15 per cent is added by all the higher rates up to 91 per cent. Indeed, it has been suggested that one reason for the steep graduation of the income tax is to make the public think that people with high incomes pay most of the taxes. It is another illusion to think that excessive rates of a graduated income tax tend to redistribute the wealth. It merely prevents its accumulation and thereby blocks expansion of the Nation's economic strength. The very source of new and better jobs thus disappears. This is economic folly based on the false proposition that growth can be maintained through continuous inflation.

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But even greater issues are involved than any I have yet mentioned. Some years ago, the late President Woodrow Wilson made the following statement: "The history of liberty is *the history of the limitation of governmental* power, not the increase of it."

The contest for ages has been to rescue liberty from the constantly expanding grasp of governmental power. The great patriots of the American Revolution revolted not so much against the actual taxes imposed upon them by a British King as against the concept of government behind the taxes: the concept that government had unlimited power to do what government thought proper. They had a deep suspicion that government, if permitted, would waste the labors of the people and ultimately curtail the power of the people, always under the pretense of taking care of the people. That is why they tried to bind the Government down with the modest restrictions of a Constitution, limiting the Government's powers to the performance of carefully specified responsibilities.

There are many who have lost faith in the early American ideal and believe in a form of socialistic, totalitarian rule, a sort of big-brother deity to run our lives for us. They no longer believe that free men can manage their own affairs. Their central thesis is to take your money away from you on the presumption that a handful of men, centered in government — largely bureaucratic, not elected — can spend the proceeds of your toil and labor to greater advantage than you who create the money.

Nowhere in the history of the human race is there justification for this reckless faith in political power. It is the oldest, most reactionary of all forms of social organization. It was tried out in ancient Babylon, ancient Greece and ancient Rome; in Mussolini's Italy, in Hitler's Germany, and in all Communist countries. Wherever and whenever it has been attempted, it has failed utterly to provide economic security, and has generally ended in national disaster. It embraces an essential idiocy, that individuals who, as private citizens, are not able to manage the disposition of their own earnings, become in public office supermen who can manage the affairs of the world.

THE SOVIETS have tried to legislate the perfect society; and today the average Soviet citizen has little more freedom and less comfort than the inmates of American jails. The old American philosophy of government more effectively promoted the ideal of human freedom, with greater material abundance for more people, than any social system ever propounded; freedom to live under the minimum of restraint — freedom to make your own mistakes if you will. The fundamental and ultimate issue at stake, therefore, is not merely our money. It is liberty itself: the excessive taxation of an overgrown Government *versus* personal freedom; a least common denominator of mediocrity against the proven progress of pioneering individualism; the free enterprise system or the cult of blind conformity; the robot or the free man.

On September 12, 1952, Senator Robert Taft conferred at Morningside Heights with his successful convention rival for the nomination for the Presidency of the United States, General Eisenhower. They later issued a manifesto containing the following statement, [which sums the matter up in unmistakable language]:

"There is and has been one great fundamental issue . . . it is the issue of liberty against the creeping socialization in every domestic field. Liberty was the foundation of our Government, the reason for our growth, the basis of our happiness and the hope of our future. The greatest threat to liberty today is internal, from the constant growth of big government through the constantly increasing power and spending of the Federal Government. . . . The essential thing is to keep our expenditures . . . at a percentage of our total income which will not destroy our free economy at home and further inflate our debt and our currency."

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